

Determination of Revised Assumptions

Retirement

- For Group 1 males, revised rates are generally higher than prior assumption from ages 50 to 61 and generally lower from ages 62 to 69. Overall, total expected retirements comparable to prior assumption.
- For Group 1 females, revised rates are lower at most ages. Revised rates decrease the number of expected retirements by approximately 100 per year.
- For Group 2, revised rates are generally lower than prior assumption from ages 53 to 59 and the same at other ages. Revised rates decrease the number of expected retirements by approximately 15 per year.
- For Group 3, revised rates are generally the same as prior assumption with minor changes at most ages between 51 and 60.
- For Group 4, revised rates are slightly higher or the same as prior assumption for ages 45 to 53 and slightly lower or the same as prior assumption at other ages. Overall, total expected retirements decrease by approximately 7 per year.
- Overall, the effect of the revised assumptions is a small decrease in total plan cost.

Disability

- For Group 1, revised rates are the same or slightly lower than prior assumption at all ages.
- For Group 2, revised rates are slightly lower below age 36 and above age 48. Rates are slightly higher at other ages.
- For Group 3, revised rates are the same below age 35, are slightly lower from age 35 to age 54 and slightly higher above age 55.
- For Group 4, revised rates are the same below age 30 and above age 59, slightly lower from ages 30 to 39 and 55 to 59, and slightly higher from ages 40 to 54.
- The revised assumptions have a negligible change on total plan cost.

Determination of Revised Assumptions (continued)

Withdrawal

- For Groups 1 and 2, we continue to use an assumption based on both age and service with ultimate rates after 10 years of service. The revised rates reflect minor changes to the current assumption table.
- For Group 3, we continue to use a service based assumption. The revised rates decrease slightly at all years of service.
- For Group 4, we continue to use a service based assumption. The revised rates generally increase slightly from the prior assumption up to 10 years of service, and thereafter decrease slightly.
- The revised assumptions slightly decrease total plan cost.

Salary Increases

- Determining a revised salary increase assumption reflects the greatest challenge in this experience analysis. Salary increases were less than assumed over the period but not unexpected based on the financial environment during the period. The challenge is to select an assumption that meets our best estimate both over the shorter and longer term. We considered moving to a level increase for all members (for example 4.0% per year) and then reevaluating in a few years. However, we did not feel this was the best assumption for the longer term. We decided on an approach that melds the flat approach for several years to reflect the current environment with the prior approach (graded based on service and job group). The revised assumption for all members is 3.5% for 2013, 3.75% for 2014, and 4.0% for 2015. Thereafter, the prior graded approach with lower initial and ultimate rates is utilized.
- For Groups 1 and 2, we maintained the select and ultimate approach with greater increases in earlier years of service and grading down over time. Rates for 0-3 years of service decreased by 1% from the prior assumption. Rates for 4-9 years of service decreased by .75%. Rates for 10 years of service or more decreased by .5%. The ultimate rate at 20 years is 4.0%.
- For Groups 3 and 4, we maintained the select and ultimate approach with greater increases in earlier years of service and grading down over time. Rates for 0-3 years of service decreased by 1% . Rates for 4-9 years of service decreased by .75%. Rates for 10 years of service or more decreased by .5%. The ultimate rate at 20 years is 4.5%.
- The revised assumptions decrease total plan cost.

Determination of Revised Assumptions (continued)

Mortality

- The revised assumptions (both pre-retirement and post-retirement) maintain using a standard set of tables, the RP-2000 Mortality Tables and are gender distinct. To reflect future mortality improvement, we projected the tables beyond the 10 years of the previous assumption. Mortality is projected to 2015 for retirees and 2020 for active members.
- The revised mortality assumption for disabled retirees continues to reflect shorter life expectancy than for non-disabled retirees.
- The revised assumptions increase total plan cost.
- We expect to adjust this assumption frequently, perhaps annually, moving forward.